

**TENNESSEE GENERAL ASSEMBLY  
FISCAL REVIEW COMMITTEE**



**FISCAL NOTE**

**HB 1228 - SB 1314**

March 18, 2013

**SUMMARY OF BILL:** Requires the Bureau of TennCare (the Bureau) and any managed care organization (MCO) or benefit manager that contracts with the TennCare program to provide dental services, to include the services of a qualified dentist who applies to participate in the provider network in any county that otherwise lacks a qualified dentist who participates in the TennCare dental program.

**ESTIMATED FISCAL IMPACT:**

**Increase State Expenditures - \$44,900**

**Increase Federal Expenditures - \$85,200**

**Assumptions:**

- According to the Bureau, there are currently six counties without a dental provider that participates in the TennCare program. The six counties are Crockett, Grundy, Houston, Lake, Meigs, and Wayne.
- All of the six counties except Crockett County are identified as Health Resource Shortage Areas for Dental (2004) by the Department of Health and all six counties are listed as Health Professional Shortage Areas by the United States Department of Health and Human Services (5,000 or more people per dentist).
- According to the Bureau, the Dental Benefits Manager (DBM) is contractually obligated to make services, service locations, and service sites available and accessible so that transport time to general dental providers will not exceed 30 minutes.
- According to the Bureau, requiring participating MCOs to contract with every dental provider who applies in counties without a dental provider will impact the TennCare program's expenditures.
- A managed care system is one in which an insurer can negotiate pricing and utilization by contracting with a select number of providers at a lower cost point in return for providing a larger volume of business. An "any willing provider" system can limit the MCOs ability to negotiate price based on volume of business.
- An "any willing provider" system can also impact the authorization requirements necessary to ensure that recipients do not access overlapping or duplicative services from multiple providers offering similar services.

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- According to the Bureau, the requirements of the bill can be expected to increase costs. This expectation is based in part on a Government Accountability Office report relative to Medicare durable medical equipment suppliers.
- In FY11-12, enrollees in the six counties without a dental provider incurred dental expenditures of \$2,600,000.
- Due to the shortage of dentists in the six counties currently affected by the bill, it is estimated that the Bureau will incur at least a five percent increase in dental services costs which will result in an increase in expenditures of \$130,000.
- Of the \$130,000, \$44,850 will be state funds at a 34.5 percent rate and \$85,150 will be federal funds at a 65.5 percent federal match rate.

**CERTIFICATION:**

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink, appearing to read 'Lucian D. Geise', is positioned above the printed name.

Lucian D. Geise, Executive Director

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